

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

MEMORANDUM

TO: Chairperson Judith N. Frank and Oversight Board Members

FROM: Don Penman, Interim City Manager
By: Rafaela King, Interim Finance Director

DATE: September 12, 2013

SUBJECT: Discussion, Consideration, and Possible Adoption of Resolution No. 10
Approving Administrative Budget No. 5

RECOMMENDATION:

It is recommended that the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency adopt Resolution No. 10 (Attachment "A") approving Administrative Budget No. 5 for the Successor Agency for the six-month fiscal period from January 1, 2014 through June 30, 2014.

BACKGROUND:

1. Pursuant to AB X1 26 and AB 1484, the Successor Agency must prepare a proposed administrative budget and a Recognized Obligation Payment Schedule (ROPS) for each six-month fiscal period, both of which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

AB X1 26 and AB 1484 are unclear regarding the required timing for the submission of the proposed administrative budget for the period from January 1, 2014 through June 30, 2014 (i.e., the second half of fiscal year 2013-14) (Administrative Budget No. 5) to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the ROPS for the same period (ROPS No. 13-14B) and Administrative Budget No. 5 they should be consistent.

The Successor Agency is required to submit the ROPS No. 13-14B to the Oversight Board for approval and then submit the Oversight Board-approved ROPS No. 13-14B to the State

Department of Finance (DOF), State Controller, and the County Auditor-Controller no later than October 1, 2013.

Under AB 1484, the Oversight Board must take actions by resolution and must provide DOF, by electronic means, written notice and information about the Oversight Board's action.

2. On September 12, 2013, staff will present Administrative Budget No. 5, ROPS NO. 13-14B and the Cooperative Agreement to the Oversight Board for their approval.

Upon approval from the Oversight Board, both the Administrative Budget No. 5 and ROPS No. 13-14B, will be subsequently transmitted by staff to the State Department of Finance (DOF), the State Controller, and the County Auditor-Controller.

ANALYSIS:

Administrative Cost Assessment

Under AB X1 26 and AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller. The requested amount shall not be less than the maximum allowed of \$250,000 for any fiscal year unless the Oversight Board reduces this amount. The Administrative Cost Allowance to be received by the Successor Agency on January 2, 2014 for the second half of fiscal year 2013-14 will take into account the amount of Administrative Cost Allowance the Successor Agency received on June 1, 2013. It is estimated that Successor Agency administrative expenses will be \$125,000 for the reported six-month period. It is also important to note that the Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS for the same six-month fiscal period.

Environment Assessment

It is staff's assessment that the administrative actions undertaken by the Successor Agency and the Oversight Board, as it relates to the approval of the Resolution No. 46 and implementation of the Administrative Budget No. 5, is not a project under California Environmental Quality Act and will not have any significant environmental impact environmental impact therefore no additional action is required.

CONCLUSION:

The deadline to submit Administrative Budget No. 5 and ROPS No. 13-14B to the Department of Finance (DOF), State Controller, and the County Auditor-Controller is October 1, 2013. The Successor Agency board for reviewed and approved these reports at their regular meeting held

on September 3, 2013. Staff is now submitting these approved reports to the Oversight Board on September 12, 2013, for approval. Therefore, staff recommends that the Oversight Board to the Successor Agency approve Administrative Budget No. 5 which will provide the reimbursement of administrative costs to the maximum allowable under applicable state law and therefore ensuring that a portion of the administrative expenses to undertake the Successor Agency's work to wind down the affairs of the dissolved Redevelopment Agency, pursuant to applicable state regulations.

ATTACHMENT:

A. Resolution No. 10

RESOLUTION NO. 10

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE SAN FERNANDO
REDEVELOPMENT AGENCY APPROVING PROPOSED
ADMINISTRATIVE BUDGETS PURSUANT TO HEALTH AND
SAFETY CODE SECTION 34177 AND TAKING CERTAIN
ACTIONS IN CONNECTION THEREWITH**

RECITALS:

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), the Successor Agency to the San Fernando Redevelopment Agency ("Successor Agency") is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. In connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City. The City Manager of the City serves as Executive Director of the Successor Agency, the Treasurer serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Redevelopment Agency's enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with administration and operations of the Successor Agency.

C. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the Successor Agency may enter into agreements with the City with the approval of the oversight board for the Successor Agency (the "Oversight Board").

D. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget for each six month fiscal period and submit each proposed administrative budget to the Oversight Board for its approval. Each proposed administrative budget shall include all of the following: (1) Estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) Proposed sources of payment for the costs identified in (1); and (3) Proposals for arrangements for administrative and operations services provided by the City or another entity.

E. Pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each applicable six-month fiscal period.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85.

Section 3. The Oversight Board hereby approves the proposed Administrative Budget No. 13-14B for the six month fiscal period commencing January 1, 2014 and ending June 30, 2014 substantially in the form attached hereto as Exhibit "A".

Section 4. The staff of the Successor Agency is hereby directed to provide the State Department of Finance ("DOF"), State Controller, and the County Auditor-Controller written notice and information regarding the action taken by the Oversight Board in Section 2 of this Resolution. Such notice and information shall be provided by electronic means and in a manner of DOF's choosing.

Section 5. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED, APPROVED, AND ADOPTED this 12th day of September, 2013.

Judith N. Frank, Chairperson

ATTEST:

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board of the Successor Agency of the San Fernando Redevelopment Agency held on the 12th day of September, 2013, by the following vote to wit:

AYES:

NOES:

ABSENT:

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

EXHIBIT "A"

**Administrative Cost Allowance ROPS 13-14B
Recognized Obligation Payment Schedule No. 5
January 2014 Through June 2014**

ROPS Item #	Project Name / Debt Obligation	Payee	ROPS V Requested Amounts
7	Administrative Cost (Salaries, Benefits, and Overhead)	Employees of Successor Agency	64,600.00
11	Administrative Cost (Legal Services)	Richards, Watson & Gershon; Olivarez Madruga, P.C.	45,000.00
23	Administrative Cost (Redevelopment Dissolution Services)	Seifel Consulting Inc.	15,400.00
Total			\$ 125,000.00